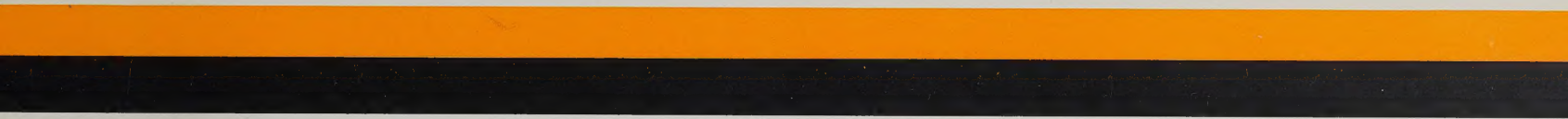





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WIX CORPORATION LIMITED
CANADIAN ANNUAL REPORT
1980



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HIGHLIGHTS

	1980	1979
Net sales	\$ 15,438,330	\$ 15,228,625
Gross profit	3,715,595	3,801,318
Earnings before income taxes and equity in earnings (loss) of Wix International Corporation ..	424,753	935,691
Income taxes	119,813	406,438
Equity in earnings (loss) of Wix International Corporation	(469,000)	86,541
Net earnings (loss) for the year	(164,060)	615,794
Earnings per share	(.21)	.81
Number of shares outstanding (weighted average)	782,680	760,886

Directors

Benny S. Hoyle	Lloyd W. Nourse
Kingsley E. Humbert, Jr.	R. Malcolm Nourse
David W. Kerr	Leslie E. Shaw
Donald J. McDonald	Phillip J. Simmons

Officers

Lloyd W. Nourse <i>Chairman of the Board & Chief Executive Officer</i>
Phillip J. Simmons, Ph.D., P.Eng. <i>President</i>
Edward A. Plante <i>Executive Vice President & General Manager</i>
Eleanor G. Cooke <i>Vice President & Secretary</i>
Rudolph Chiarot, B.Sc., R.I.A. <i>Treasurer</i>

Transfer Agent and Registrar
The Canada Trust Company

Bankers
The Royal Bank of Canada

Auditors
Thorne Riddell

Listed
Toronto Stock Exchange (WXL)

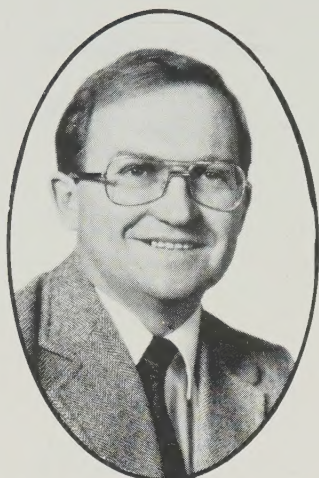
Subsidiary Companies
Eco-Tec Limited (70% owned)
Gard Corporation Limited (100% owned)

Affiliated Companies
Wix International Corporation (40% owned)

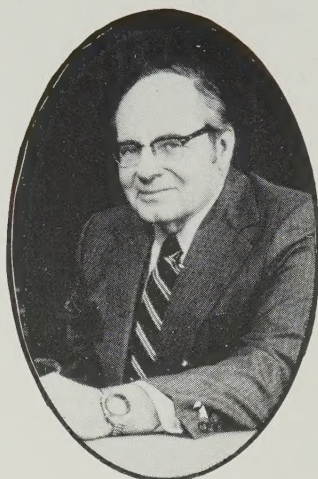
Head Office and Manufacturing
25 Curity Avenue,
Toronto, Canada M4B 1X9

925 Brock Road South,
Pickering, Canada L1W 2X9

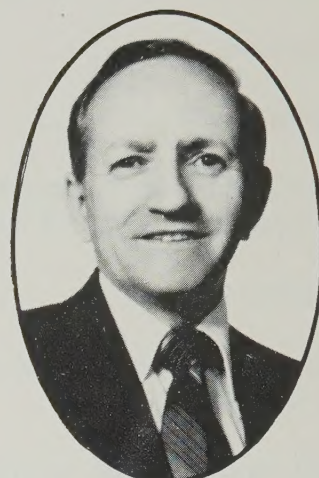
Annual Meeting
Wednesday May 20, 1981, 3 p.m.
Royal York Hotel, Toronto



PHILLIP J. SIMMONS
President

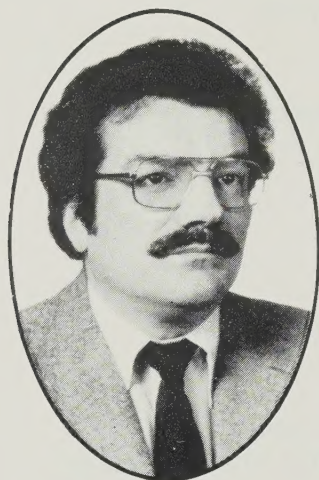


LLOYD W. NOURSE
*Chairman of the Board and
Chief Executive Officer*

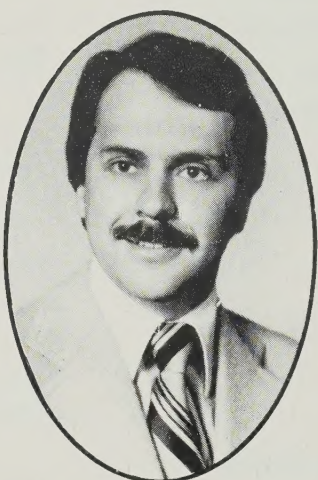


EDWARD A. PLANTE
*Executive Vice President and
General Manager*

OFFICERS OF
WIX CORPORATION LIMITED
AND
SUBSIDIARY COMPANIES



RUDOLPH CHIAROT
Treasurer



CRAIG J. BROWN
*Vice President and
General Manager
ECO-TEC LIMITED*



ELEANOR COOKE
*Vice President and
Secretary*

WIX CORPORATION LIMITED

Wix Corporation Limited is one of Canada's oldest and largest filter manufacturers, producing more than 3,000 types of air, oil, gasoline and fuel filters for the automotive market as well as a wide range of industrial, aviation, marine and recreation applications.

ECO-TEC LIMITED

Eco-Tec Limited is a 70 per cent owned subsidiary of Wix Corporation Limited manufacturing a patented system for recovering and recycling industrial wastes based on the Reciprocating Flow Ion Exchange technology.

Report to Shareholders

Wix Corporation Limited and its subsidiary companies have completed the year 1980 with less than satisfactory results. Consolidated net sales for the year ended December 31, 1980 were \$15,438,330, up slightly from \$15,228,625 in 1979. The effect of the depressed automotive aftermarket of 1980 on Wix automotive business was offset by sales increases in Eco-Tec Limited (70% owned) and Gard Corporation Limited (100% owned), however, Wix International Corporation (40% owned), whose earnings are accounted for by the equity method, suffered severe losses.

The consolidated net loss, after the losses of Wix International Corporation was \$164,060.

Total dividends paid in the year under review amounted to \$157,576 or 20 cents per share, an increase of two cents per share over 1979.

WIX CORPORATION LIMITED

1980 was a very difficult year for Wix Corporation Limited. Sales and profits were affected by strong downward pressures due to the weakness of the economy in automotive related areas. The mild 1979/80 winter resulted in a carryover of inventory by Wix customers. This, coupled with high interest rates, was reflected in their efforts to reduce inventories throughout most of the year.

The slowdown in new car sales while the automotive industry adjusts to meet the demand for energy efficient vehicles, is putting renewed emphasis on the maintenance of existing vehicles. This should have a positive effect on the automotive aftermarket.

During 1980, activity in most private brands remained strong, however, price competition was severe, with prices for some private brands being depressed below reasonable levels. There now

appears to be a trend to a stronger, more stable automotive filter aftermarket, with prices returning to more realistic levels.

Increased market growth for Gard Corporation Limited is expected to continue through 1981 as a result of the excellent N.A.P.A. filter program.

The heavy duty filtration market was reasonably strong in the Western Provinces, somewhat offsetting the weakness of the heavy duty business in the rest of Canada. The company's penetration of the heavy duty market is expected to increase in 1981 through an improved distribution network.



The market for Wix industrial and aviation products was weak, however, some strengthening occurred in the fourth quarter, resulting in a reasonable backlog of orders for early 1981. With the Wix Industrial and Aviation Division's wide range of quality products, 1981 is expected to see a strong performance.

FREDERICK E. MYERS

On May 14, 1980, Frederick E. Myers, President and Chief Executive Officer of Wix Corporation Limited, passed away. Mr. Myers joined Wix in 1969 and was President since 1974, leading the company through many years of rapid growth. The loss of Mr. Myers was felt by the company, but through his efforts a strong management team had been developed and the stability of the company was maintained during a very difficult year.

OFFICERS AND DIRECTORS

Upon the death of Frederick E. Myers, Lloyd W. Nourse, the Chairman of the Board, assumed the position of Chief Executive Officer.

The Board of Directors elected Phillip J. (Rocky) Simmons, Ph.D., P.Eng., to the position of President of the company effective July 1, 1980 and appointed him a director. Dr. Simmons received his Ph.D. in Chemical Engineering from the University of Toronto and in 1968 joined Wix Corporation Limited as Research Manager. He served as Vice President and General Manager, and a director of Eco-Tec Limited since 1977.

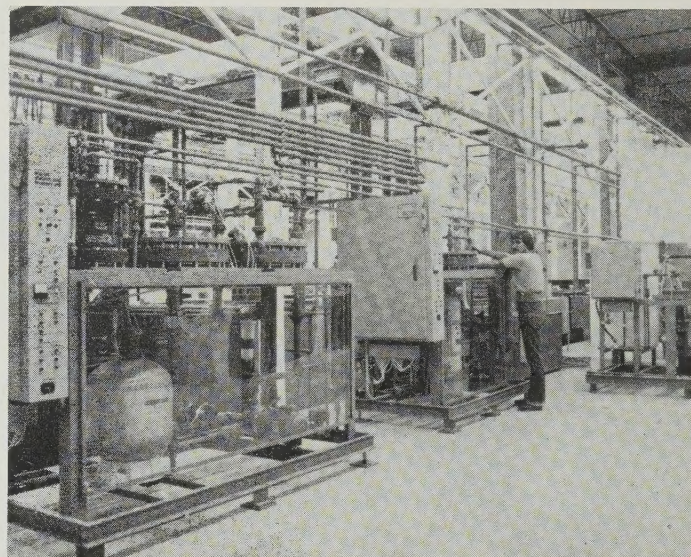
Effective July 1, 1980, Edward A. Plante was appointed Executive Vice President and General Manager of the company. Mr. Plante joined Wix in 1942, its first year of operation, and has served in nearly every department of the company. He was appointed Production Manager in 1966 and became Vice President of Manufacturing in 1968. He most recently held the position of Vice President of Operations.

Leslie E. Shaw, President and Chief Executive Officer of Shaw Industries Ltd., was elected to the Board of Directors at the last annual shareholders' meeting, May 7, 1980. Mr. Shaw, through his wide business experience, is able to offer significant contributions to the future growth of the company.

WIX INTERNATIONAL CORPORATION

Wix International Corporation's earnings are derived from a 49 per cent share in Wix Corporation (U.K.) Limited; a 40 per cent share in Catalin Limited; and royalty payments from Wix Corporation New Zealand Limited and Wix South East Asia Sdn. Berhad (Malaysia). Wix International, 40 per cent owned by Wix Corporation Limited, experienced severe losses in the United Kingdom. In these circumstances, it was decided to close Wix U.K. as of October 31, 1980. Disposal of the assets is expected to take some months to complete.

Catalin losses in the difficult U.K. economy were much less, due, in part, to the stronger, more profitable nature of the chemical business. Royalty income of Wix International continues to grow steadily and the outlook for 1981 is encouraging.



Chemical Recovery / Pollution Abatement System Installed In Facility for Electroplating on Plastic

ECO-TEC LIMITED

Methods of reducing chemical and energy consumption, and waste discharge to the environment, are major concerns in all industrialized countries. Eco-Tec Limited continues to offer processes which enable the industrial sector to meet its requirements and social responsibilities.

Dramatic changes in the automotive industry adversely affected the traditional electroplating market. Reduced capital spending for chemical recovery systems in this sector, high interest rates,

and a generally weak economy, slowed Eco-Tec's growth in 1980. Fortunately, Eco-Tec's successful performance in the reasonably strong aluminum finishing industry partially offset the downturn in traditional markets.

Sales in countries outside of North America accounted for approximately 40 per cent of total sales. One of the most active markets was in Germany. Eco-Tec systems are now installed in 18 countries, with 1980 witnessing the addition of Norway, Australia, Mexico and Thailand.

An important step in Eco-Tec's continuing development was the purchase by one of its distributors of a unique Eco-Tec wastewater recovery/treatment system for the printed circuit facility of a major computer manufacturer. This system will be installed in 1981 and should give Eco-Tec an excellent reference in the rapidly growing electronics industry.

A number of new processes will be introduced in 1981. Some were developed by the Eco-Tec Research and Development team and some are licensed by Eco-Tec from companies in Japan and the U.S.A. These processes will be applicable to the aluminum finishing industry, steel industry, electroplating industry and chemical process industry.

Eco-Tec's growth has demanded the development of a strong, aggressive management team. The company is fortunate in having a nucleus of dedicated people capable of assuming greater responsibilities. On September 11, 1980, the Eco-Tec Board of Directors elected Phillip J. (Rocky) Simmons, Ph. D., P. Eng. to the position of President of Eco-Tec Limited. For the three previous years, Dr. Simmons held the position of Vice President and General Manager of the company.

The Board of Directors also confirmed the appointment of Craig J. Brown B. A. Sc., P. Eng. as Vice President and General Manager effective July 1, 1980. Mr. Brown graduated from the

University of Toronto in 1972 at which time he joined Eco-Tec Limited. He was appointed Vice President of Engineering in May 1979.

With a strong team and excellent products to serve the needs of industry, Eco-Tec is looking forward to substantial growth in 1981.

OUTLOOK '81

Management is instituting measures to control and reduce costs. Construction of the new addition to our Pickering facility in late 1981 will be an added burden, however, the consolidation of the company's operations in one location will offer improved efficiencies for the future.

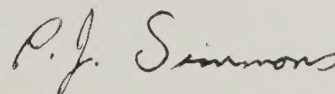
Wix Corporation Limited expects a stronger year in 1981. Prices in the automotive filter aftermarket appear to be returning to normal levels and the Industrial and Aviation Division's expanded product line should result in an increased share of the industrial filtration market. The excellence of the N.A.P.A. filter program will continue to provide support to Gard's steady growth.

Eco-Tec is confident of its ability to develop and market pollution abatement systems to meet the needs of ecology conscious industries world wide. Eco-Tec Limited is making further thrusts into the technology of the future and entered 1981 with a positive outlook.

Respectfully submitted



Lloyd W. Nourse
Chairman of the Board and
Chief Executive Officer



Phillip J. Simmons, Ph. D., P. Eng.
President

April 27, 1981



WIX CORPORATION LIMITED
(Incorporated under the laws of Ontario)

**CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1980**

ASSETS	<u>1980</u>	<u>1979</u>
Current Assets		
Cash	\$ 1,500	\$ 1,521
Accounts receivable	3,251,870	3,075,387
Income taxes recoverable	222,570	
Inventories (note 2)	4,759,453	4,139,773
Prepaid expenses	47,786	40,093
	<u>8,283,179</u>	<u>7,256,774</u>
 Investment in Wix International Corporation (note 3)	 492,067	 961,067
 Notes Receivable (note 4)	 124,848	
 Fixed Assets (note 5)		
Land, building and equipment	4,396,022	4,242,295
Less accumulated depreciation	2,029,526	1,847,050
	<u>2,366,496</u>	<u>2,395,245</u>
 Other Assets	 28,073	 31,154
	<u>\$ 11,294,663</u>	<u>\$ 10,644,240</u>

Approved by the Board

Director

Director

LIABILITIES	1980	1979
Current Liabilities		
Bank advances	\$ 1,236,495	\$ 700,406
Accounts payable and accrued liabilities	2,345,609	2,163,238
Income taxes payable		35,143
	<u>3,582,104</u>	<u>2,898,787</u>
 Deferred Income Taxes	 658,200	 634,723
 Minority Interest in Subsidiary Company	 228,902	 162,387
 SHAREHOLDERS' EQUITY		
Capital Stock (note 4)		
Authorized		
850,000 Common shares without par value		
Issued		
792,578 Common shares (762,578 shares in 1979)	2,326,534	2,127,784
 Retained Earnings	 4,498,923	 4,820,559
	<u>6,825,457</u>	<u>6,948,343</u>
	<u>\$ 11,294,663</u>	<u>\$ 10,644,240</u>

AUDITORS' REPORT

TO THE SHAREHOLDERS OF WIX CORPORATION LIMITED

We have examined the consolidated balance sheet of Wix Corporation Limited as at December 31, 1980 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thomas Riddell

Toronto, Canada
April 6, 1981

Chartered Accountants



WIX CORPORATION LIMITED

CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
Sales	<u>\$ 15,438,330</u>	<u>\$ 15,228,625</u>
Cost of sales and expenses other than the undernoted	<u>14,687,035</u>	<u>14,039,867</u>
Amortization	<u>5,637</u>	<u>5,299</u>
Depreciation	<u>182,476</u>	<u>168,902</u>
Interest	<u>128,394</u>	<u>51,080</u>
	<u>15,003,542</u>	<u>14,265,148</u>
	<u>434,788</u>	<u>963,477</u>
Other earnings	<u>63,979</u>	<u>59,631</u>
Earnings before the undernoted	<u>498,767</u>	<u>1,023,108</u>
Income Taxes		
Current	<u>96,336</u>	<u>387,794</u>
Deferred	<u>23,477</u>	<u>18,644</u>
	<u>119,813</u>	<u>406,438</u>
	<u>378,954</u>	<u>616,670</u>
Equity in earnings (loss) of Wix International Corporation	<u>(261,000)</u>	<u>86,541</u>
	<u>117,954</u>	<u>703,211</u>
Minority interest in earnings of subsidiary company ...	<u>74,014</u>	<u>87,417</u>
Earnings before extraordinary item	<u>43,940</u>	<u>615,794</u>
Extraordinary item (note 6)	<u>(208,000)</u>	
 Net earnings (loss)	 <u>\$ (164,060)</u>	 <u>\$ 615,794</u>
 Earnings per share		
Earnings before extraordinary item	<u>\$.06</u>	<u>\$.81</u>
Net earnings (loss)	<u>\$ (.21)</u>	<u>\$.81</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
Balance at beginning of year	<u>\$ 4,820,559</u>	<u>\$ 4,341,809</u>
Net earnings (loss)	<u>(164,060)</u>	<u>615,794</u>
	<u>4,656,499</u>	<u>4,957,603</u>
Dividends paid	<u>157,576</u>	<u>137,044</u>
 Balance at end of year	 <u>\$ 4,498,923</u>	 <u>\$ 4,820,559</u>

WIX CORPORATION LIMITED
**CONSOLIDATED STATEMENT OF CHANGES
 IN FINANCIAL POSITION**
YEAR ENDED DECEMBER 31, 1980

	<u>1980</u>	<u>1979</u>
Working capital derived from		
Operations		
Earnings before extraordinary item	\$ 43,940	\$ 615,794
Items not involving working capital		
Depreciation	182,476	168,902
Amortization	5,637	5,299
Deferred income taxes	23,477	18,644
Minority interest in earnings of subsidiary company	74,014	87,417
Equity in loss (earnings) of Wix International Corporation	261,000	(86,541)
	<u>590,544</u>	<u>809,515</u>
Decrease in notes receivable	50,152	
Issue of common shares	198,750	6,125
	<u>839,446</u>	<u>815,640</u>
Working capital applied to		
Additions to fixed assets	153,727	333,614
Dividends paid	157,576	137,044
Dividends paid by subsidiary to minority shareholders	7,500	7,500
Increase in other assets	2,555	5,485
Notes receivable	175,000	
	<u>496,358</u>	<u>483,643</u>
Increase in working capital	343,088	331,997
Working capital at beginning of year	4,357,987	4,025,990
Working capital at end of year	\$ 4,701,075	\$ 4,357,987

WIX CORPORATION LIMITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1980

1. ACCOUNTING POLICIES

The major accounting policies of Wix Corporation Limited and subsidiary companies are set out below.

(a) Basis of consolidation

These financial statements include the accounts of Wix Corporation Limited, its 100% owned subsidiary company, Gard Corporation Limited, and its 70% owned subsidiary company, Eco-Tec Limited. The company's 40% interest in Wix International Corporation is accounted for by the equity method.

(b) Inventories

Raw materials are valued at the lower of cost and replacement cost. Work in process and finished goods are valued at the lower of cost and net realizable value. Net realizable value is the selling price less costs to sell.

(c) Fixed assets

Fixed assets are stated at cost.

Depreciation is provided at the following annual rates:

Building	2% straight line
Machinery and equipment	8 1/3% straight line
Tools and dies	33 1/3% straight line
Automotive	30% declining balance
Other	10% to 20% straight line

(d) Earnings per share

Earnings per share is based on the weighted average number of shares outstanding during 1980 and 1979. The issue of shares reserved for officers' and employees' options would not materially dilute earnings per share.

(e) Translation of foreign currencies

The company translates assets and liabilities carried at current prices at current rates of exchange. All other assets and liabilities are translated at applicable historical rates. Revenue and expenses are translated at rates prevailing at the time of the transactions.

2. INVENTORIES

	1980	1979
Raw materials	\$ 1,464,001	\$ 1,335,763
Work in process	473,064	384,696
Finished goods	2,822,388	2,419,314
	<u>\$ 4,759,453</u>	<u>\$ 4,139,773</u>

3. INVESTMENT IN WIX INTERNATIONAL CORPORATION

	1980	1979
Shares	\$ 181,359	\$ 181,359
Equity in undistributed earnings ...	310,708	779,708
	<u>\$ 492,067</u>	<u>\$ 961,067</u>

4. CAPITAL STOCK

(a) Stock options

At December 31, 1980, 11,600 common shares were reserved for issuance to officers and key employees of the company. At December 31, 1980, 7,200 shares were optioned to officers and 4,400 shares to other employees at \$4.75 per share expiring March, 1983.

During the year the company issued 5,000 shares for a cash consideration of \$23,750.

(b) Executive share purchase plan

On March 27, 1980, pursuant to a board of directors resolution dated December 14, 1979, the company issued 25,000 common shares to participating executives in consideration for promissory notes amounting to \$175,000. The shares are held in trust until such time as the notes are discharged.

The notes provide that repayment commence on January 1, 1984 at the rate of 5% per annum (plus interest of 2% per annum on the outstanding balance), payable in equal monthly instalments.

If a participating executive ceases to be employed by the company, the balance owing becomes due and payable within 90 days.

In the event of the death of a participating executive the balance owing becomes due and payable within one year of the company's written demand for payment. Dividends paid on the shares will be applied firstly, to the payment of interest and secondly, to the payment of principal on the notes. The balance outstanding at the end of 15 years is payable in a lump sum.

5. FIXED ASSETS

	1980		1979	
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>	<u>Net</u>
Land	\$ 366,817	-	\$ 366,817	\$ 366,817
Building	1,260,387	\$ 146,870	1,113,517	1,136,970
Machinery and equipment	1,916,478	1,135,040	781,438	673,765
Tools and dies	530,684	473,518	57,166	73,649
Other	321,656	274,098	47,558	144,044
	<u>\$ 4,396,022</u>	<u>\$ 2,029,526</u>	<u>\$ 2,366,496</u>	<u>\$ 2,395,245</u>

6. EXTRAORDINARY ITEM

On October 31, 1980, Wix Corporation (U.K.) Limited, a subsidiary of Wix International Corporation, ceased operations. The carrying value of the investment in Wix Corporation (U.K.) Limited has been written down to a nominal value of \$1.00 in the accounts of Wix International Corporation.

7. RELATED PARTY TRANSACTIONS

Sales for the year include sales of \$81,492 to Wix Corporation (U.S.) which holds 40.9% of the company's shares. In addition, the company purchased merchandise amounting to \$1,220,417 from Wix Corporation (U.S.). Included in accounts payable and accrued liabilities are trade accounts payable to Wix Corporation (U.S.) amounting to \$347,992. Transactions with Wix Corporation (U.S.) are conducted on the same terms and at similar prices as transactions with outsiders.

Accounts payable and accrued liabilities include advances from Wix International Corporation amounting to \$184,000. Wix International Corporation paid the company \$30,444 for management fees, interest and administrative expenses.

8. SEGMENTED INFORMATION

The directors of the company have determined that the operations of the company consist of two business segments. The company manufactures and distributes oil, gas and air filters for industrial applications and the automotive after-market (filtration systems). In addition, the company manufactures and distributes chemical recycling and recovery systems. All revenues and costs which can be reasonably attributed to a specific segment are included in the determination of that segment's operating profit.

Segment sales for the year were \$13,087,862 for filtration systems and \$2,350,468 for recycling and recovery systems. Of these amounts, export sales of \$2,727,082 were made primarily to the United States and Europe.

Segment operating profits were \$171,777 for filtration systems and \$391,405 for recycling and recovery systems. These amounts are arrived at prior to net deductions amounting to \$683,242 for interest expense, income taxes, minority interest, extraordinary item and equity in the earnings (losses) of Wix International Corporation. The total assets of the company are \$11,338,663 of which the filtration systems assets are \$9,543,967, recycling and recovery systems assets are \$1,258,629 and corporate assets are \$536,067.

Capital expenditures were \$145,516 for filtration systems and \$8,211 for recycling and recovery systems. Depreciation and amortization expenses were \$174,464 for filtration systems and \$13,649 for recycling and recovery systems.

9. PENSION PLAN

The unfunded past service liability at January 1, 1979, as certified by the company's actuary, amounted to \$89,015 which is to be amortized by annual instalments of \$15,570 until 1986.

10. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers as defined by The Business Corporations Act amounted to \$268,069 (1979, \$257,212).

11. COMPARATIVE FIGURES

The 1979 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1980.

WIX CORPORATION LIMITED
FIVE YEAR SUMMARY OF OPERATIONS
YEAR ENDED DECEMBER 31

	1980	1979	1978	1977	1976
Net sales	\$15,438,330	\$15,228,625	\$13,083,445	\$11,630,936	\$10,571,327
Gross profit	3,715,595	3,801,318	3,269,196	2,947,854	2,550,680
Depreciation and amortization	188,113	174,201	167,925	197,857	247,286
Interest					
Mortgage				15,035	31,926
Debentures				3,164	6,702
Bank and other	128,394	51,080	68,224	111,760	209,069
Earnings before income taxes and equity in earnings of other company	424,753	935,691	741,368	680,048	369,196
Equity in earnings (loss) of other company	(261,000)	86,541	32,000	20,711	4,700
Net earnings for the year before extraordinary items	43,940	615,794	466,114	453,046	205,085
Earnings per share before extraordinary items06	.81	.62	.62	.28
Gain on sale of fixed asset				836,793	
Loss on windup of subsidiary of Wix International Corporation	(208,000)				
Net earnings (loss) for the year	(164,060)	615,794	466,114	1,289,839	205,085
Earnings (loss) per share	(.21)	.81	.62	1.77	.28
Book value per share	8.61	9.11	8.50	8.16	6.63
Working capital	4,701,075	4,357,987	4,025,990	3,581,674	2,805,859
Current ratio	2.31:1	2.50:1	2.74:1	3.28:1	2.11:1

The Gold Standard in Filtration



Wix Corporation Limited, Toronto, Canada